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October 1, 2004

VIA ELECTRONIC SUBMISSION

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
Washington, D.C. 20554

Re: **Notice of Ex Parte—Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98; and Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68**

Dear Ms. Dortch:

On behalf of SBC Communications, Inc. (SBC), Christopher Heimann and I, the undersigned, met with Jessica Rosenworcel of Commissioner Copps' office on September 30, 2004. At the meeting, we discussed intercarrier compensation for ISP-bound traffic. The positions discussed were consistent with those stated in SBC's *ex parte* letter filed on September 13, 2004 and the joint ICF *ex parte* letter filed on the same date.

In addition, we discussed SBC's position that the Commission should continue to maintain an interim regime that is consistent with the transition established in the *ISP Remand Order* while it considers broader intercarrier compensation reform. We noted that some parties have urged the Commission to maintain the existing, interim rate for ISP-bound traffic, but eliminate the growth and new market caps applicable to such traffic in order to eliminate purported market distortions caused by limiting intercarrier compensation to some providers of ISP-bound traffic but not others. We expressed SBC's concern that simply lifting the caps without any offsetting reduction in the interim rate would be inconsistent with the *ISP Remand Order* transition and the policy concerns that led the Commission to establish the interim rate in the first place. Consequently, lifting the caps without any adjustment to the interim rate would subject the Commission's intercarrier compensation regime for ISP-bound traffic to substantial legal challenge. We argued that, if the Commission deems it necessary to remove the caps, it should continue the transition by modifying the interim rate for ISP-bound traffic consistent with the ICF plan.

Pursuant to section 1.1206(b)(2) of the Commission's Rules, this letter being filed electronically with the Commission.

Sincerely,

/s/Eric Einhorn

cc: Jessica Rosenworcel